

Subgroup on Finance and
Agenda item 8

Review of 2010 Finances

Action requested: The Standing Committee is invited to note the contents of this report and advise as appropriate.

1. Attached to this note is the final draft of the Financial Statements for 2010. These include:
 - Management accounts with 2010 Core budget vs actual with 2009 actual for comparison
 - Statutory format Statement of Income and Expenditure - Core and Projects - Balance Sheet, Cash Flow Statement and Notes including analysis of projects financed by Restricted Funds.
2. Final audited accounts for 2009 are also attached. There are no changes between the financial statements provided to SC41 and the final audited accounts.

2010 Core budget

3. The Secretariat's objective is to break even each year, with core incomes and expenditures largely in balance. On a budget of CHF 4,721,000, the Secretariat reports a core net deficit for 2010 of CHF 61,000. The Secretary General was anticipating reporting a significant operating surplus in 2010, but the strength of the Swiss Franc during the year, and particularly at 31.12.10, has resulted in both realised and unrealised exchange losses which together have cost the 2010 core budget CHF 312,000.
4. This deficit of CHF61,000 is after ring-fencing and transferring to restricted projects the CHF142,000 budgeted but not used in 2010 Partnership Officer funds, as reflected below and in the final draft Financial Statements. This treatment is consistent with that adopted by the Subgroup on Finance and SC41 in 2010.)
5. The principal under- and overspends compared with the COP10-approved budget for 2010 are explained below:

Income	CHF'000	
Retained Swiss income tax	-62	Due to changes in the personal tax situation of various members of staff, tax rebates to Ramsar have reduced.

US contribution shortfall	-39	The USA pays CHF levied contribution in US\$. A strong CHF at the time of payment to Ramsar resulted in underpayment for 2010.
Expenditure		
Regional Initiatives underspend	19	Balance of CHF279,000 not allocated by SC41.
Communications underspend	74	Generous funding from Danone for CEPA workshops in 2010 and early 40 th Anniversary costs resulted in a Core budget underspend.
Charge for increase in bad debt provision	-35	Increase larger than budgeted due to the effects of delayed contributions from American and African Parties.
Exchange losses (unrealised)	-238	Due to 16% devaluation in EUR against CHF between 31.12.09 and 31.12.10 and 9% devaluation in USD.
Reduction in staff termination and repatriation provision	47	Annual increase budgeted, but arithmetically determined provision fell, due to one less staff member on indefinite contract as at 31.12.10
Salaries	184	Reflects missing SRA for much of year and general staff pay increases less than budgeted for.
Other	-11	
Net deficit	(61)	

2010 non-core budget

6. 2010 non-core, project income was CHF 1,307,000, a 27% fall over 2009 levels. Of this CHF 458,000 came from the Danone Group. More information on this is included in SC42-07.
7. Expenditures were in line with plans, with the balance on Restricted Projects at the end of 2010 of CHF 2.7 million, almost identical to that at the end of 2009.

Other items of note in the 2010 Financial Statements

8. The cost to the Secretariat of the 2010 Standing Committee meeting was CHF 30,000 greater than what was budgeted, and this was met by our hosts, Georgia. The CHF30,000 income and cost overspend are recognised on separate lines in the attached Financial Statements.
9. Travel costs have been closely managed. Travel expenditures were greater than budgeted, but this was offset by the CHF 25,000 approved for release from the unrestricted reserve fund in 2009. The budget continues to be inadequate for the desired activity levels of Ramsar management.

10. IUCN charges for the year were CHF 539,000, all of which have been charged to the core budget. (In 2009 these were CHF 550,000, of which CHF 515,000 (13%) were charged to the core budget and CHF 35,000 to the non-core administrative fees account, where it was covered by overhead charges recovered from Danone.)
11. The Standing Committee will recall that at SC41 the members approved the allocation of up to CHF 50,000 of the Reserve Fund for the priority work of the STRP in 2010. This too is reflected in the attached final draft of the Financial Statements for 2010.
12. Final audited accounts for 2010 will be available immediately after SC42. The audit has been completed and no material adjustments are anticipated.

Review of process and mechanisms for staff salary awards

13. In Decision SC40-13 the Standing Committee “requested the Subgroup on Finance to review the overall process and mechanisms for Secretariat staff salary awards, clearly considering the decision-making responsibilities of the Secretary General vs. where Ramsar should follow IUCN processes.”
14. For SC-41 the Secretariat produced a policy paper to brief the Subgroup on Finance, which was reviewed and discussed during that meeting. The Subgroup’s conclusions were reported to the Standing Committee, which “requested the Secretariat to keep its implementation under review and report back to the Subgroup on Finance on this matter” (Decision SC41-13).
15. The policy was implemented in 2010 as outlined in the Paper “Ramsar 2009 -2012 Salaries – March 2010 Policy, methodology, communication”. The Secretary General is satisfied that the Ramsar step system proposed and used has to date met his objectives of managing costs and rewarding staff according to performance, whilst retaining flexibility to direct budget resources to those core activities where additional resources are needed. The 2010 total cost of the salary step system (including the performance related element) was CHF 61,000 vs an estimated CHF 64,000 when the paper was written.
16. The Secretary General expects to continue to use the policy for the remainder of the triennium.

Appendices

1. **Expenditures 2010, budgeted and actual**
2. **Auditors’ report (see the PDF version of this document or PDF version of that appendix)**

Annex 1

RAMSAR CONVENTION BUREAU EXPENDITURE BUDGET VS. ACTUAL 2010 (Swiss francs '000)				
RAMSAR BUDGET FORMAT		Budget COP10 2010	Actual Jan-Dec 10	Balance on Budget to year end
INCOME				
1	Contribution from Contracting Parties (invoices)	3,478	3,482	3
2	US Voluntary Contributions	981	942	(39)
3	Retained Swiss Income Tax	250	188	(62)
4	Interest Income & Exchange gain	12	8	(4)
5	Micellaneous Income	0	30	30
	Total Income	4,721	4,650	(71)
EXPENDITURES				
A SECRETARIAT SENIOR MANAGEMENT				
a	Salary & social costs (SG+SEC) (10% DSG)	484	460	24
b	Travel on Official Business (International)	29	28	1
M PARTNERSHIP CO-ORDINATOR				
a	Partnership account	142	142	
B REGIONAL ADVICE & SUPPORT				
a	Salaries & social costs (SRAs, Oceania officer, Assistants, DSG-RA)	1,135	1,088	47
b	Travel on Official Business (International)	80	68	12
C SUPPORT TO REGIONAL INITIATIVES				
a	Regional networks (cooperation)	179	260	19
b	Regional centers (training & capacity-building)	100		
D SCIENTIFIC AND TECHNICAL SERVICES				
a	STRP (Implementation/meeting)	86	88	(2)
b	Salaries & social costs (DSG (70%))	311	299	12
c	Ramsar Sites Information Service	170	168	2
d	Travel on Official Business (International)	15	31	(16)
E CEPA - COMMUNICATION, EDUCATION & PUBLIC AWARENESS				
a	Salaries & social costs (DSG 20%)	443	376	68
b	CEPA Programme (incl. Travel)	30	7	23
c	Communications & Reporting implementation	151	100	51
F ADMINISTRATION & PERSONNEL MANAGEMENT				
a	Administration (salaries & social cost)	257	237	20
b	Human Resources (salaries & social cost)	40	40	
c	Other employment benefits	50	67	(17)
d	Staff hiring and departure costs	36	19	17
G FINANCE MANAGEMENT				
a	Salaries & Social costs	213	200	13
H OPERATING COSTS				
a	Operating Costs (photocopying, printing, courier, telephone, audit...)	77	74	2
b	Purchase & Maintenance of Equipment/Office Supplies	12	16	(4)
I STANDING COMMITTEE SERVICES				
a	Standing Committee delegates' support	47	68	(21)
b	Simultaneous interpretation at SC meetings	26	35	(9)
J MISCELLANEOUS				
a	Bad debt provision	15	50	(35)
b	Exchange loss	35	273	(238)
e	Staff termination and repatriation provisions	25	(22)	47
K IUCN Service Charges (13%)				
		535	539	(4)
	Total Expenditure	4,721	4,711	10
NET (DEFICIT) FOR THE YEAR		0	(61)	(61)

**SECRETARIAT OF THE CONVENTION ON WETLANDS OF
INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL
HABITAT (RAMSAR, IRAN, 1971)**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

AND

AUDITORS REPORT TO THE CONTRACTING PARTIES

TABLE OF CONTENTS

	Page
BALANCE SHEET	3
STATEMENT OF INCOME AND EXPENDITURE	4
CASH FLOW STATEMENT	5
NOTES TO THE FINANCIAL STATEMENTS	
1. Activity	6
2. Summary of Significant Accounting Policies and Definitions	7
3. Exchange loss	9
4. Provisions for Staff Termination and Repatriation	9
5. Contracting Party Receivables	10
6. Other Receivables	10
7. Other Payables	10
8. Swiss Government Tax Rebate	11
9. Unrestricted Reserve Fund	11
10. Projects Financed by Restricted Funds	11

SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL
IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT
(RAMSAR, 1971)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2010
(in '000 Swiss francs)

	Note:	Unrestricted Reserve Funds 2010	2010 Restricted Projects 2010	Total 2010	Unrestricted Reserve Funds 2009	2009 Restricted Projects 2009	Total 2009
INCOME							
External Income							
Contributions from Contracting Parties		3,482	0	3,482	3,337	0	3,337
US Voluntary Contributions		942	0	942	941	0	941
Retained Swiss Income Tax	8	188	0	188	227	0	227
Exchange Gain	3	0	0	1	1	3	4
Interest Income		8	1	9	21	1	23
Miscellaneous Income		30	0	30	0	(5)	(5)
Project External Income		0	1,320	1,320	0	1,781	1,781
Total external income		4,650	1,322	5,972	4,526	1,780	6,306
Internal Income and Expenditure							
Transfer between core and projects		(276)	276	0	(262)	262	0
Total transfer between core and projects		(276)	276	0	(262)	262	0
Total Income		4,374	1,598	5,972	4,265	2,042	6,306
EXPENDITURE							
Staff Cost		2,784	348	3,132	2,816	278	3,093
Staff Provision	4	(22)	0	(22)	22	0	22
Hiring Interns		2	0	2	5	0	5
Travel		149	89	238	136	169	305
Purchase of equipment		0	0	0	3	0	3
IUCN Services		539	0	539	514	58	572
Database		168	0	168	170	0	170
Communications		31	27	58	35	23	59
Reporting		86	60	146	143	161	303
Standing commtt, STRP and Reg Rep support		105	353	458	38	100	139
STRP Support Services		51	17	68	59	1	59
Support to Regional Initiatives		139	0	139	161	0	161
Project Subcontracting/External Grants		0	568	568	0	712	712
Depreciation		16	0	16	14	0	14
Auditor's Fees		17	0	17	17	0	17
Stationery and office supplies		8	1	9	10	1	11
Hospitality		5	3	8	9	6	15
Bank Charges		3	1	4	2	1	3
Miscellaneous		31	7	38	19	9	28
Provision on outstanding dues	5	50	0	50	4	0	4
Exchange loss	3	273	148	421	14	13	27
Total Expenditure		4,435	1,623	6,058	4,189	1,531	5,720
NET SURPLUS/(DEFCIT) FOR THE YEAR		(61)	(25)	(86)	75	511	587
FUND BALANCE AT BEGINNING OF YEAR		413	2,726	3,139	363	2,190	2,552
NET INCOME/(DEFICIT) FOR THE YEAR		(61)	(25)	(86)	75	511	587
TRANSFER (FROM) TO RESERVE FUND		(50)	50	0	(25)	25	0
FUND BALANCE AT END OF YEAR	9	302	2,751	3,053	413	2,726	3,139

**SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL
IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT
(RAMSAR, 1971)**

BALANCE SHEET AS AT 31 DECEMBER 2010
(in '000 Swiss Francs)

	Notes	2010	2009
ASSETS			
CURRENT ASSETS			
Cash and Bank		2,352	701
48 H and Short Term Deposits		1,434	3,334
Contracting Party Receivables (Net)	5	428	233
Other Receivables	6	74	47
TOTAL CURRENT ASSETS		4,288	4,316
FIXED ASSETS			
Office Furniture and Computer Equipment at cost		247	229
Less: Accumulated Depreciation		(223)	(207)
TOTAL FIXED ASSETS		24	22
TOTAL ASSETS		4,312	4,337
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Amount owed to IUCN		603	563
Other Payables	7	346	179
Accruals		128	251
TOTAL CURRENT LIABILITIES		1,077	994
RESERVATIONS			
Provision for Staff termination	4	115	135
Provision for Staff Repatriation	4	66	68
TOTAL RESERVATIONS		181	203
FUND BALANCES			
Unrestricted reserve fund	9	302	413
Restricted projects	10	2,752	2,727
TOTAL FUND BALANCES		3,054	3,140
TOTAL LIABILITIES AND FUND BALANCES		4,312	4,337

**SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL
IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT
(RAMSAR, 1971)**

CASH FLOW STATEMENT

(in '000 Swiss Francs)

	2010		2009	
<u>Cash Flow from operating activities</u>				
Net balance from operations		(61)		75
Adjustment for items not involving cash movements:				
Transfer restricted	(50)		(25)	
Depreciation charge for the year	16		14	
Net movement in provision for dues contracting parties	50		4	
Net movement in provision for staff termination	(20)		7	
Net movement in provision for staff repatriation	(2)		15	
Net adjustment for items not involving cash movements		(5)		15
Net cash from operating activities		(66)		90
<u>Application of funds on fixed assets and working capital</u>				
Purchase of fixed assets	(18)		(19)	
(Increase) in contracting parties receivables	(244)		(9)	
(Increase)/Decrease in other receivables	(27)		56	
Increase in amount owed to/(by) IUCN	39		239	
Increase/(Decrease) in other payables	166		(620)	
(Decrease)/Increase in accruals	(123)		181	
Net application of funds on fixed assets and working capital		(207)		(172)
<u>Project Balances</u>				
Increase in project restricted funds		25		537
Net cash (outflow)/inflow for the year		(249)		455
Cash and short term deposits at the beginning of the year		4,035		3,580
Cash and short term deposits at the end of the year		3,786		4,035
Comprised of:				
Cash and bank		2,352		701
Short term deposits		1,434		3,334
Total cash and short term deposits at the end of the year		3,786		4,035

SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACTIVITY

The Convention on Wetlands, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The Convention's mission is the "Conservation and wise use of all wetlands through local, regional and national actions and international cooperation, as a contribution towards achieving sustainable development throughout the world".

Under the treaty, the Contracting Parties agree, inter alia to:

- promote the conservation and wise use of wetlands through international co-operation
- implement the conservation and wise use of wetlands within their territory
- encourage research and exchange of data regarding wetlands
- endeavor to establish and manage reserves for wetlands and to increase waterfowl populations on wetlands
- promote training of competent personnel in the field of wetlands research, management and wardening.

The Convention's Secretariat, which is not a separate legal entity, is constituted under Article 8 of the Convention and administered as an independent unit by and from the offices of IUCN – International Union for Conservation of Nature, Gland, Switzerland. The Secretariat's functions include the provision of administrative, technical and scientific support to the Contracting Parties, maintaining a List of Wetlands of International Importance and notifying Contracting Parties of additions to that List.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

i. Accounting Convention

The financial statements have been prepared under the historical cost convention and are in accordance with the generally accepted accounting principles set up in the provisions of the Swiss Code of Obligations.

ii. Currency

All figures are in thousands of Swiss francs (CHF) unless otherwise indicated.

iii. Contributions from Contracting Parties

Contributions from Contracting Parties are determined in accordance with the UN Scale of assessments for contributions of Member States to the United Nations budget approved by the UN General Assembly. These are then attributed to the Ramsar budget. Contributions are accounted for on an accruals basis.

iv. Voluntary contributions and other income

Any voluntary contributions and receipts of other income are accounted for on a cash basis, when they are received by Ramsar.

v. Expenditure

Expenditure is accounted for on an accruals basis.

vi. Unrestricted Funds

Unrestricted funds are funds that are not subject to any externally imposed restrictions on their use. The Secretary General is empowered by the Standing Committee of the Convention to designate certain parts of these funds for project purposes.

vii. Restricted Funds

Restricted funds are those funds provided by donors with restrictions applying to specific projects, geographical regions, specific activities or other externally imposed restrictions as to their use. These funds are applied only in accordance with the donor agreements.

viii. Foreign Exchange

The Secretariat's accounting records are maintained in Swiss Francs which is the reporting currency. Except for fixed assets which are stated at historical values, all assets and liabilities expressed in other currencies are translated at exchange rates ruling at the end of the year. Items of income and expenditure in other currencies are included in the financial statements at the exchange rate prevailing at the date of the transaction. Bank accounts expressed in USD and EURO or other currencies are revalued to Swiss Francs at the year-end rate of exchange.

ix. Year-end Exchange Rates

The following are the principal rates of exchange to the Swiss Franc used to revalue the balance sheet accounts at the end of the year.

	<u>31 December 2010</u>	<u>31 December 2009</u>
US Dollar	0.9408	1.0380
EURO	1.2468	1.4877

x. Provisions against dues receivables from contracting parties

The management of Ramsar applies a method of provisioning against outstanding dues from contracting parties as follows:

• Outstanding dues from contracting parties for 6 or more years	100%
• Outstanding dues from contracting parties for 5 years	80%
• Outstanding dues from contracting parties for 4 years	60%
• Outstanding dues from contracting parties for 3 years	40%
• Outstanding dues from contracting parties for 2 years	20%
• The rest of outstanding dues from contracting parties	5%

xi. Fixed assets

Fixed asset purchases are capitalized when the purchase price is CHF 500 and above (or the equivalent in other currencies) and when ownership resides with Ramsar. Fixed assets are depreciated over their estimated useful lives on the following basis:

• Office furniture	7 years
• Office equipment	5 years
• Computer hardware/software	3 years

xii. Reserve Fund

Resolution VI.17 of COP6 established a Reserve Fund to meet unforeseen and unavoidable expenditures.

The Fund's source of income is excess funds from each year's core operations.

The resources kept in the Fund are limited to a maximum of one-twelfth of the core budget of the current fiscal year.

3. EXCHANGE LOSS

The net exchange loss of CHF 273K (2009 - CHF 13K) during the year was mainly due to the depreciation of the Euro and US Dollar against the Swiss Franc. Exchange gains and losses directly attributable to projects are dealt with under the respective projects.

4. PROVISIONS FOR STAFF TERMINATION AND REPATRIATION

Provisions for staff termination are amounts set aside to cover the Ramsar Convention in case of unplanned termination of staff contracts leading either to legal costs or redundancy payments or other costs not otherwise budgeted for. Management recommends a target of 10% of annual salary, which at the end of 2010 was estimated at CHF 115K. Provision for staff repatriation covers the estimated cost of repatriation of all international staff currently on the payroll.

	<u>2010</u>	<u>2009</u>
Provision for staff termination	115	135
Provision for staff repatriation	66	68
	-----	-----
Total	181	203
	=====	=====

5. CONTRACTING PARTY RECEIVABLES, NET

	<u>2010</u>	<u>2009</u>
Gross membership dues receivable	760	515
Provision against dues in arrears	(332)	(282)
	-----	-----
Net membership dues receivable	428	233
	=====	=====

Provision against dues in arrears is calculated as per the policy stated under Note 2(x).

6. OTHER RECEIVABLES

	<u>2010</u>	<u>2009</u>
Staff travel advances and loan	3	(6)
Withholding tax	4	8
Rent guarantees and sundry receivables	67	45
	-----	-----
Total	74	47
	=====	=====

7. OTHER PAYABLES

	<u>2010</u>	<u>2009</u>
Membership prepayments	221	89
Accounts payable	115	68
Pension and insurance payables	10	22
	-----	-----
Total	346	179
	=====	=====

8. SWISS GOVERNMENT TAX REBATE

Non-Swiss staff are exempt from paying taxes on their earnings. In order to have one salary scale and to ensure equitable treatment of both Swiss and non-Swiss staff at Ramsar, an internal tax is levied on non-Swiss staff. This is shown as Swiss Government Tax Rebate and included as unrestricted income.

9. UNRESTRICTED RESERVE FUND

The movement in the reserve fund is as follows:

	<u>2010</u>	<u>2009</u>
Opening balance	413	363
Surplus/(deficit) for the year	(61)	75
Transfer to restricted projects	(50)	(25)
	-----	-----
Closing balance	302	413
	=====	=====

10. RESTRICTED PROJECTS

An analysis of projects financed by restricted funds is provided in Appendix A (Unaudited).

Appendix A: PROJECTS FINANCED BY RESTRICTED FUNDS

(in '000 Swiss Francs)

Project No.	Balance (deficit)	Income	Expenditure	Project	Balance (deficit) :	
	at December 31, 2009					during 2010
	(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR	
Listed Sites:						
Ramsar Advisory Missions (RAMs)	7002-000	28	0	(13)	0	15
		<u>28</u>	<u>0</u>	<u>(13)</u>	<u>0</u>	<u>15</u>
International Co-operation:						
Evian Initiative	7079-000&	562	458	(550)	(189)	281
Danone Carbon Offset	7200-100	(40)	0	(20)	70	10
Swiss Grant for Africa	7100-000&	381	149	(93)	(46)	391
Small Grants Fund	7500-000&	17	0	(8)	0	9
Small Grants fund 2004	7501-000	37	0	(8)	0	29
Small Grants Fund 2005	7501-100	21	0	(8)	0	13
Small Grants Fund 2006	7501-200	102	0	(16)	0	86
Small Grants Fund 2007	7501-300	41	0	0	0	41
Small Grants Fund 2008	7501-400	117	0	(33)	0	84
Small Grants Fund 2009	7501-500	21	209	(111)	30	149
Small Grants Fund 2010	7501-600	0	89	4	(4)	89
WFF: Training / Education	7056-000&	797	148	(332)	0	613
		<u>2,057</u>	<u>1,054</u>	<u>(1,176)</u>	<u>(139)</u>	<u>1,795</u>
Meetings:						
High Altit W.L/Lake W.S China	7104-000	3	0	0	0	3
Ramsar Hand Book 3rd Ed.	7111-200	31	0	(8)	0	23
Cairo Regional Meeting	7200-010	7	0	(0)	0	7
2009 High Andean Meeting	7129-000	14	0	(37)	28	6
		<u>55</u>	<u>0</u>	<u>(45)</u>	<u>28</u>	<u>38</u>
Regional Initiatives:						
Panama Center	7110-000	24	0	(24)	0	0
Iran Regional Center	7121-000	32	0	(32)	13	13
WacoWet Regional Initiative	7125-000	13	9	0	0	22
Core 2009 Regional Initiatives	7140-000	50	0	(29)	0	21
Caribbean Sub Reg Strategy	7128-000	25	0	(54)	77	47
Himalayas Reg Initiative 2009	7146-000	0	0	0	25	25
La Plata Reg Initiative 2010	7147-000	0	0	0	20	20
		<u>144</u>	<u>9</u>	<u>(140)</u>	<u>135</u>	<u>148</u>
Others:						
STRP Working Groups	7094-000&	80	74	(38)	77	193
Admin Fees	7107-000	142	25	(18)	71	221
High Andean Strategy	7120-000	24	0	0	0	24
COP 10 Korea	7130-100	0	0	(3)	0	(3)
CEPA & tool kit	7119-000 &	10	0	0	0	10
Reserve fund release	7126-000	25	0	(1)	(24)	0
Norway Travel Support	7200-200	0	36	(10)	(26)	(0)
Admin Reform Support	7200-300	58	0	(31)	0	27
Legal Support	7127-000	15	0	(9)	0	6
Cameroon Pedalos	7141-000	1	0	0	0	1
Oceania meeting	7142-000	0	106	(73)	0	33
Stetson 2010	7144-000	0	0	(15)	0	(15)
STRP Africa Mtg	7145-000	0	0	(54)	53	(1)
Climate Change Adaptation	7148-000	0	18	2	0	19
Partnership Officer Restricted	7150-000	87	0	0	151	238
		<u>444</u>	<u>259</u>	<u>(250)</u>	<u>302</u>	<u>755</u>
		<u>2,727</u>	<u>1,322</u>	<u>(1,623)</u>	<u>326</u>	<u>2,752</u>

***Convention on Wetlands of International
Importance especially as Waterfowl Habitat
(Ramsar, 1971), Gland (Switzerland)***

*Financial Statements for the Year
ended December 31, 2009 and
Report of the Auditor*

Report of the auditor

To the Contracting Parties of the
**Convention on Wetlands of International Importance
especially as Waterfowl Habitat (Ramsar, 1971)**, Gland (Switzerland)

Report on the financial statements

In accordance with your instructions, we have audited the accompanying financial statements of the Secretariat of the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar, 1971), which comprise the balance sheet, statement of income and expenditure, cash flow statement and notes for the year ended December 31, 2009.

Ramsar's management Responsibility

Ramsar's management is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the articles of the Convention. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2009 comply with Swiss law and the articles of the Convention.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Appendix A of the Association as of December 31, 2009 and for the year then ended, is presented for the purpose of additional analysis and is not a required part of the financial statements. This information included in Appendix A is the responsibility of the Ramsar management. This information has been subject to auditing as part of our audit of the financial statements as a whole, which have not been designed for the purpose of providing a separate level of audit assurance on the information included in the Appendix A and accordingly, we do not express a standalone audit opinion on the information in the Appendix A.

We recommend that the financial statements submitted to you be approved.

Deloitte SA



Jean-Marc Jenny
Partner



Isabelle Babey
Senior manager

Geneva, July 5, 2010
JMJ/IBA/msc

Attached :

- Financial statements (balance sheet, statement of income and expenditure, cash flow statement and notes)
- Appendix A

TABLE OF CONTENTS

	Page
BALANCE SHEET	3
STATEMENT OF INCOME AND EXPENDITURE	4
CASH FLOW STATEMENT	5
NOTES TO THE FINANCIAL STATEMENTS	
1. Activity	6
2. Summary of Significant Accounting Policies and Definitions	7
3. Exchange gain/(loss)	9
4. Provisions for Staff Termination and Repatriation	9
5. Other Receivables	10
6. Other Payables	10
7. Contracting Party Receivables	10
8. Swiss Government Tax Rebate	11
9. Contributions from Contracting Parties to the MedWet Initiative	11
10. Unrestricted Reserve Fund	11
11. Projects Financed by Restricted Funds	11
12. Appendix A	12

SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL
IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT
(RAMSAR, 1971)

BALANCE SHEET AS AT 31 DECEMBER 2009
(in '000 Swiss Francs)

	Notes	2009	2008
ASSETS			
CURRENT ASSETS			
Cash and Bank		701	1'138
48 H and Short Term Deposits		3'334	2'442
Contracting Party Receivables (Net)	7	233	228
MedWet Receivables		0	54
Other Receivables	5	47	49
TOTAL CURRENT ASSETS		4'316	3'911
FIXED ASSETS			
Office Furniture and Computer Equipment at cost		229	210
Less: Accumulated Depreciation		(207)	(193)
TOTAL FIXED ASSETS		22	17
TOTAL ASSETS		4'337	3'928
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Amount owed to IUCN		563	324
Other Payables	6	179	799
Accruals		251	70
TOTAL CURRENT LIABILITIES		994	1'193
Provisions			
Provision for Staff termination	4	135	129
Provision for Staff Repatriation	4	68	53
TOTAL RESERVATIONS		203	182
FUND BALANCES			
Unrestricted reserve fund	10	413	363
Restricted projects	11	2'727	2'190
TOTAL FUND BALANCES		3'140	2'553
TOTAL LIABILITIES AND FUND BALANCES		4'337	3'928

SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL
IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT
(RAMSAR, 1971)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2009

(in '000 Swiss francs)

	Notes	Unrestricted Reserve Funds 2009	2009 Restricted Projects 2009	Total 2009	Unrestricted Reserve Funds 2008	2008 Restricted Projects 2008	Total 2008
INCOME							
External Income							
Contributions from Contracting Parties		3'337	0	3'337	3'281	0	3'281
Contributions from Contracting Parties Med Wet	9	0	0	0	0	143	143
US Voluntary Contributions		941	0	941	903	0	903
Retained Swiss Income Tax	8	227	0	227	215	0	215
Exchange Gain	3	1	3	4	0	22	22
Interest Income		21	1	23	72	14	85
Miscellaneous Income		0	(5)	(5)	0	4	4
Project External Income		0	1'781	1'781	0	1'841	1'841
Total external income		4'526	1'780	6'306	4'471	2'023	6'494
Internal Income and Expenditure							
Transfer between core and projects		(262)	262	0	(87)	87	0
Total transfer between core and projects		(262)	262	0	(87)	87	0
Total Income		4'264	2'042	6'306	4'383	2'111	6'494
EXPENDITURE							
Staff Cost		2'816	278	3'093	2'777	299	3'076
Staff Provision	4	22	0	22	13	0	13
Hiring Interns		5	0	5	4	1	5
Travel		136	169	305	138	658	796
Purchase of equipment		3	0	3	7	0	7
IUCN Services		514	58	572	474	0	474
Database		170	0	170	170	0	170
Communications		35	23	59	32	25	57
Reporting		143	161	303	137	620	757
Standing commtt, STRP and Reg Rep support		38	100	139	134	56	190
STRP Support Services		59	1	59	71	30	101
Support to Regional Initiatives		161	0	161	229	0	229
Project Subcontracting/External Grants		0	712	712	0	734	734
Depreciation		14	0	14	7	0	7
Auditor's Fees		17	0	17	18	0	18
Stationery and office supplies		10	1	11	16	6	22
Public relations/ Promotion		0	0	0	10	(10)	0
Hospitality		9	6	15	11	1	12
Bank Charges		2	1	3	3	1	4
Miscellaneous		19	9	28	31	2	33
Legal fees		0	0	0	7	22	29
Provision on outstanding dues	7	4	0	4	23	0	23
Exchange loss	3	14	13	27	135	34	168
Total Expenditure		4'188	1'531	5'720	4'445	2'479	6'924
NET SURPLUS/(DEFCIT) FOR THE YEAR		76	511	587	(62)	(369)	(430)
FUND BALANCE AT BEGINNING OF YEAR		363	2'190	2'553	484	2'499	2'983
NET INCOME/(DEFICIT) FOR THE YEAR		76	511	587	(62)	(369)	(430)
TRANSFER (FROM) TO RESERVE FUND		(25)	25	0	(59)	59	0
FUND BALANCE AT END OF YEAR	10	413	2'727	3'140	363	2'190	2'553

SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL
IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT
(RAMSAR, 1971)

CASH FLOW STATEMENT

(in '000 Swiss Francs)

	2009		2008	
Cash Flow from operating activities				
Net balance from operations		76		(62)
Adjustment for items not involving cash movements:				
Transfer to restricted project	(25)		(59)	
Depreciation charge for the year	14		7	
Net movement in provision for dues contracting parties	4		23	
Net movement in provision for staff termination	7		13	
Net movement in provision for staff repatriation	15		0	
Net adjustment for items not involving cash movements		15		(15)
Net cash from operating activities		91		(77)
Application of funds on fixed assets and working capital				
Purchase of fixed assets	(21)		(11)	
(Increase) in contracting parties receivables	(9)		268	
Decrease in MedWet receivables	54		49	
Decrease in other receivables	2		59	
Increase in amount owed to IUCN	239		114	
(Decrease)/Increase in other payables	(620)		240	
Increase in accruals	181		7	
Net application of funds on fixed assets and working capital		(173)		726
Project Balances				
Increase/(Decrease) in project restricted funds		537		(310)
Net cash inflow for the year		455		339
Cash and short term deposits at the beginning of the year		3'580		3'241
Cash and short term deposits at the end of the year		4'035		3'580
Comprised of:				
Cash and bank		701		1'138
Short term deposits		3'334		2'442
Total cash and short term deposits at the end of the year		4'035		3'580

**SECRETARIAT OF THE CONVENTION ON WETLANDS OF
INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL
HABITAT (RAMSAR, IRAN, 1971)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACTIVITY

The Convention on Wetlands, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The Convention's mission is the "Conservation and wise use of all wetlands through local, regional and national actions and international cooperation, as a contribution towards achieving sustainable development throughout the world".

Under the treaty, the Contracting Parties agree, inter alia to:

- promote the conservation and wise use of wetlands through international co-operation
- implement the conservation and wise use of wetlands within their territory
- encourage research and exchange of data regarding wetlands
- endeavor to establish and manage reserves for wetlands and to increase waterfowl populations on wetlands
- promote training of competent personnel in the field of wetlands research, management and wardening.

The Convention's Secretariat, which is not a separate legal entity, is constituted under Article 8 of the Convention and administered as an independent unit by and from the offices of IUCN – International Union for Conservation of Nature, Gland, Switzerland. The Secretariat's functions include the provision of administrative, technical and scientific support to the Contracting Parties, maintaining a List of Wetlands of International Importance and notifying Contracting Parties of additions to that List.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

i. Accounting Convention

The financial statements have been prepared under the historical cost convention and are in accordance with the generally accepted accounting principles set up in the provisions of the Swiss Code of Obligations.

ii. Currency

All figures are in thousands of Swiss francs (CHF) unless otherwise indicated.

iii. Contributions from Contracting Parties

Contributions from Contracting Parties are determined in accordance with the UN Scale of assessments for contributions of Member States to the United Nations budget approved by the UN General Assembly. These are then attributed to the Ramsar budget. Contributions are accounted for on an accruals basis.

iv. Voluntary contributions and other income

Any voluntary contributions and receipts of other income are accounted for on a cash basis, when they are received by Ramsar.

v. Expenditure

Expenditure is accounted for on an accruals basis.

vi. Unrestricted Funds

Unrestricted funds are funds that are not subject to any externally imposed restrictions on their use. The Secretary General is empowered by the Standing Committee of the Convention to designate certain parts of these funds for project purposes.

vii. Restricted Funds

Restricted funds are those funds provided by donors with restrictions applying to specific projects, geographical regions, specific activities or other externally imposed restrictions as to their use. These funds are applied only in accordance with the donor agreements.

viii. Foreign Exchange

The Secretariat's accounting records are maintained in Swiss Francs which is the reporting currency. Except for fixed assets which are stated at historical values, all assets and liabilities expressed in other currencies are translated at exchange rates ruling at the end of the year. Items of income and expenditure in other currencies are included in the financial statements at the exchange rate prevailing at the date of the transaction. Bank accounts expressed in USD and EURO or other currencies are revalued to Swiss Francs at the year-end rate of exchange.

ix. Year-end Exchange Rates

The following are the principal rates of exchange to the Swiss Franc used to revalue the balance sheet accounts at the end of the year.

	<u>31 December 2009</u>	<u>31 December 2008</u>
US Dollar	1.0380	1.0561
EURO	1.4877	1.4888

x. Provisions against dues receivables from contracting parties

The management of Ramsar applies a method of provisioning against outstanding dues from contracting parties as follows:

- Outstanding dues from contracting parties for 6 or more years 100%
- Outstanding dues from contracting parties for 5 years 80%
- Outstanding dues from contracting parties for 4 years 60%
- Outstanding dues from contracting parties for 3 years 40%
- Outstanding dues from contracting parties for 2 years 20%
- The rest of outstanding dues from contracting parties 5%

xi. Fixed assets

Fixed asset purchases are capitalized when the purchase price is CHF 500 and above (or the equivalent in other currencies) and when ownership resides with Ramsar. Fixed assets are depreciated over their estimated useful lives on the following basis:

- Office furniture 7 years
- Office equipment 5 years
- Computer hardware/software 3 years

xii. Reserve Fund

Resolution VI.17 of COP6 established a Reserve Fund to meet unforeseen and unavoidable expenditures.

The Fund's source of income is excess funds from each year's core operations.

The resources kept in the Fund are limited to a maximum of one-twelfth of the core budget of the current fiscal year.

3. EXCHANGE LOSS

The net exchange loss of CHF 13K (2008 - CHF 135K) during the year was mainly due to the depreciation of the Euro and US Dollar against the Swiss Franc. Exchange gains and losses directly attributable to projects are dealt with under the respective projects.

4. PROVISIONS FOR STAFF TERMINATION AND REPATRIATION

Provisions for staff termination are amounts set aside to cover the Ramsar Convention in case of unplanned termination of staff contracts leading either to legal costs or redundancy payments or other costs not otherwise budgeted for. Management recommends a target of 10% of annual salary, which at the end of 2009 was estimated at CHF 135K. Provision for staff repatriation covers the estimated cost of repatriation of all international staff currently on the payroll.

	<u>2009</u>	<u>2008</u>
Provision for staff termination	135	129
Provision for staff repatriation	68	53
Total	<u>203</u>	<u>182</u>

5. OTHER RECEIVABLES

	<u>2009</u>	<u>2008</u>
Staff travel advances and loan	(6)	6
Withholding tax	8	30
Rent guarantees and sundry receivables	45	13
	-----	-----
Total	47	49
	=====	=====

6. OTHER PAYABLES

	<u>2009</u>	<u>2008</u>
Membership prepayments	89	501
Accounts payable	68	235
Pension and insurance payables	22	63
	-----	-----
Total	179	799
	=====	=====

7. CONTRACTING PARTY RECEIVABLES, NET

	<u>2009</u>	<u>2008</u>
Gross membership dues receivable	515	507
Provision against dues in arrears	(282)	(279)
	-----	-----
Net membership dues receivable	233	228
	=====	=====

Provision against dues in arrears is calculated as per the policy stated under Note 2(x).

5. OTHER RECEIVABLES

	<u>2009</u>	<u>2008</u>
Staff travel advances and loan	(6)	6
Withholding tax	8	30
Rent guarantees and sundry receivables	45	13
	-----	-----
Total	<u>47</u>	<u>49</u>

6. OTHER PAYABLES

	<u>2009</u>	<u>2008</u>
Membership prepayments	89	501
Accounts payable	68	235
Pension and insurance payables	22	63
	-----	-----
Total	<u>179</u>	<u>799</u>

7. CONTRACTING PARTY RECEIVABLES, NET

	<u>2009</u>	<u>2008</u>
Gross membership dues receivable	515	507
Provision against dues in arrears	(282)	(279)
	-----	-----
Net membership dues receivable	<u>233</u>	<u>228</u>

Provision against dues in arrears is calculated as per the policy stated under Note 2(x).

8. SWISS GOVERNMENT TAX REBATE

Non-Swiss staff are exempt from paying taxes on their earnings. In order to have one salary scale and to ensure equitable treatment of both Swiss and non-Swiss staff at Ramsar, an internal tax is levied on non-Swiss staff. This is shown as Swiss Government Tax Rebate and included as unrestricted income.

9. CONTRIBUTIONS FROM CONTRACTING PARTIES TO THE MEDWET INITIATIVE

Contributions for MedWet are determined by the MedWet Initiative and are collected on their behalf by Ramsar. Upon collection, monies received are transferred to MedWet.

10. UNRESTRICTED RESERVE FUND

The movement in the reserve fund is as follows:

	<u>2009</u>	<u>2008</u>
Opening balance	363	484
Surplus/(deficit) for the year	75	(62)
Transfer to restricted projects	(25)	(59)
	-----	-----
Closing balance	<u>413</u>	<u>363</u>

11. RESTRICTED PROJECTS

An analysis of projects financed by restricted funds is provided in Appendix A (Unaudited).

Appendix A: PROJECTS FINANCED BY RESTRICTED FUNDS (Unaudited)

(in '000 Swiss Francs)

Project No.	Balance (deficit) at December 31, 2008 (DR)/CR	Income during 2009 (DR)/CR	Expenditure during 2009 (DR)/CR	Project Transfers and Cross charges (DR)/CR	Balance (deficit) at Dec 31, 2009 (DR)/CR	
Listed Sites:						
Ramsar Advisory Missions (RAMs)	7002-000	5	17	(4)	10	28
		<u>5</u>	<u>17</u>	<u>(4)</u>	<u>10</u>	<u>28</u>
International Co-operation:						
Evian Initiative	7079-000&	323	874	(495)	(140)	562
Danone Carbon Offset	7200-100	0	0	(40)	0	(40)
Swiss Grant for Africa 2002-3	7100-000&	195	319	(112)	(20)	381
Small Grants Fund	7500-000&	47	0	(7)	(22)	17
Small Grants fund 2004	7501-000	53	0	(16)	0	37
Small Grants Fund 2005	7501-100	33	0	(12)	0	21
Small Grants Fund 2006	7501-200	127	0	(30)	5	102
Small Grants Fund 2007	7501-300	56	0	(15)	0	41
Small Grants Fund 2008	7501-400	126	154	(168)	4	117
Small Grants Fund 2009	7501-500	0	0	0	21	21
WFF: Training / Education	7056-000&	920	125	(246)	(2)	797
Japan Vol. Contr. for 97-99	7087-000	24	0	0	(24)	0
		<u>1'903</u>	<u>1'472</u>	<u>(1'141)</u>	<u>(178)</u>	<u>2'057</u>
Meetings:						
High Altit W./L/Lake W.S China	7104-000	3	0	0	0	3
Ramsar Hand Book 3rd Ed.	7111-200	23	0	0	8	31
Cote d'Ivoire Judiciaries W.shop	7200-000	0	34	(55)	21	0
Cairo Regional Meeting	7200-010	0	0	(39)	46	7
2009 High Andean Meeting	7129-000	0	0	(54)	68	14
		<u>26</u>	<u>34</u>	<u>(147)</u>	<u>143</u>	<u>55</u>
Regional Initiatives:						
Medwet Annual Contributions	7072-000	59	(40)	(19)	0	0
Panama Center	7110-000	0	0	0	24	24
Iran Regional Center	7121-000	35	0	(3)	0	32
WacoWet Regional Initiative	7125-000	17	6	(10)	0	13
Core 2009 Regional Initiatives	7140-000	0	0	0	50	50
		<u>111</u>	<u>(34)</u>	<u>(32)</u>	<u>74</u>	<u>119</u>
Others:						
STRP Working Groups	7094-000&	31	66	(63)	46	80
Admin Fees	7107-000	114	34	(73)	68	142
High Andean Strategy	7120-000	25	0	(1)	0	24
COP 10 Korea	7130-100	(10)	0	(17)	27	0
COP 10 Misc	7130-300	(50)	40	1	8	0
COP 10 European Reg Meeting	7130-700	(7)	6	0	0	0
CEPA & tool kit	7119-000 &	2	9	0	0	10
GRASP Documentary	7122-000	(8)	4	0	4	0
FWS support to SC chair	7124-000	(12)	21	0	(9)	0
Reserve fund release	7126-000	59	0	0	(34)	25
Norway Travel Support	7200-200	0	25	(26)	1	0
Admin Reform Support	7200-300	0	86	(28)	0	58
Legal Support	7127-000	0	0	0	15	15
Caribbean Sub Reg Strategy	7128-000	0	0	0	25	25
Cameroon Pedalos	7141-000	0	0	1	0	1
Partnership Officer Restricted	7150-000	0	0	0	87	87
		<u>144</u>	<u>292</u>	<u>(206)</u>	<u>238</u>	<u>469</u>
		<u>2'190</u>	<u>1'780</u>	<u>(1'531)</u>	<u>287</u>	<u>2'727</u>